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**CARIBOO-BELL  
COPPER  
MINES**

**LIMITED**



**FIRST  
ANNUAL REPORT • 1966**

# Cariboo-Bell Copper Mines Limited

(Incorporated under the Laws of the Province of British Columbia)

## Authorized Capital:

3,000,000 common shares without  
nominal or par value.

## DIRECTORS

KARL J. SPRINGER	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ont.
J. J. CROWHURST	-	-	-	-	-	-	-	-	-	-	-	Vancouver, B.C.
F. E. HALL	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ont.
W. A. McELMOYLE	-	-	-	-	-	-	-	-	-	-	-	Victoria, B.C.
R. E. PURVIS	-	-	-	-	-	-	-	-	-	-	-	Bremerton, Wash.
R. J. SPRINGER	-	-	-	-	-	-	-	-	-	-	-	Vancouver, B.C.

## OFFICERS

KARL J. SPRINGER	-	-	-	-	-	-	-	-	-	-	-	President
F. E. HALL	-	-	-	-	-	-	-	-	-	-	-	Vice-President
J. J. CROWHURST	-	-	-	-	-	-	-	-	-	-	-	General Manager
J. D. MUNROE	-	-	-	-	-	-	-	-	-	-	-	Secretary-Treasurer

## AUDITORS

PEAT, MARWICK, MITCHELL & CO.	-	-	-	-	-	-	-	-	-	-	-	Vancouver, B.C.
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## SOLICITORS

DOUGLAS, SYMES & BRISENDEN	-	-	-	-	-	-	-	-	-	-	-	Vancouver, B.C.
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## TRANSFER AGENTS

THE CANADA TRUST COMPANY	-	-	-	-	-	-	-	-	-	-	-	Vancouver, B.C. and Toronto, Ont.
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## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE	-	-	-	-	-	-	-	-	-	-	-	Vancouver, B.C.
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## REGISTERED OFFICE

SUITE 300, 999 WEST PENDER STREET, VANCOUVER 1, BRITISH COLUMBIA



# Cariboo-Bell Copper Mines Limited

## *Report Of The Directors*

To the Shareholders:

Effective 15th October, 1966, Cariboo-Bell Copper Mines Limited entered into a financing arrangement with three Japanese mining companies — Mitsui Mining & Smelting Company Ltd., Nippon Mining Co. Ltd., and Sumitomo Metal Mining Co. of Canada Ltd.—for the development and bringing into production of its copper property located approximately 50 miles northeast of Williams Lake in the Cariboo Mining Division.

Under a joint management committee with the Japanese group, the staff of Mastodon-Highland Bell Mines Ltd. directed the work.

The program was divided into three stages, the first consisting of the spending of \$300,000. on development work, the second the spending of \$500,000. on further development work, and the third stage financing the mine into production. The second and third stages are predicated on favourable results in the former stages.

The exploratory drilling of the first stage is finished. In the year March 1966 to March 1967, a total of 48,301 feet of diamond drilling using BX wireline equipment (123 holes) and 6,585 feet of percussion drilling (32 holes) was completed.

This drilling has indicated approximately 37,000,000 tons of an average grade of 0.50% copper and 0.015 ounces of gold before allowance for dilution.

Three separate blocks are included in this total: Block A contains 15,549,000 tons averaging 0.458% copper with a waste to ore ratio of approximately 1:1; Block B, 20,432,000 tons averaging 0.524% copper with a waste to ore ratio of approximately 1.9:1; Block C, 1,184,000 tons averaging 0.664% copper with a waste to ore ratio somewhat in excess of 2:1.

The above three blocks of ore may be mined by separate pits. Block A contains approximately 3,700,000 tons assaying 0.65% copper and 0.015 ounces gold with a waste to ore ratio of 1:1, which can be mined during the first years of production.

The final part of the first development stage is being devoted to metallurgical, geological and engineering problems related to proposed open pit designs. Composite samples of the drill cores have been made up and sent for analysis and metallurgical testing to Tokyo and to the Department of Energy, Mines and Resources in Ottawa. The results from these tests should be available by the end of the first stage of development.

Two more geochemical anomalies on the property remain to be tested by drilling.

An abundant water supply, good transportation and available power are very favourable factors when considering bringing the property into production.

Up to the present the first stage of the development program has been carried out under a preliminary agreement as detailed in the note to the balance sheet of the audited statement and as confirmed in the attached letters.

At present the final agreements, including the concentrate sales agreement, subject to approval by the Japanese Government, are being finalized.

It is a pleasure at this time to express our appreciation to your General Manager, Mr. J. J. Crowhurst; your resident Foreman, Mr. G. M. Newcombe; and to Mr. R. F. Lambert, Superintendent, Mastodon-Highland Bell Mines Ltd., and all employees for their cooperation and efficient work on behalf of your Company during the past year.

On behalf of the Board,  
K. J. SPRINGER, President

Vancouver, B.C.  
April 3rd, 1967.



# CARIBOO-BELL COPPER MINES LIMITED

682-4255  
AREA CODE 604

502-1200 WEST PENDER STREET  
VANCOUVER 1, B.C.

October 19th, 1966

- Mr. T. Takabayashi, President  
Mitsui Mining & Smelting Co. Ltd.
- Mr. K. Kawakami, President  
Sumitomo Metal Mining Co. of Canada Ltd.
- Mr. Y. Mima, President  
Nippon Mining Co. Ltd.

I am pleased to learn that your companies have concluded a satisfactory Financing Agreement and Copper Concentrate Sales Agreement with Cariboo-Bell Copper Mines Limited. I am looking forward with pleasure to our future association.

You will find attached to this letter, the basic terms of the Financing Agreement and the Copper Sales Agreement. In addition to these terms, which we are in general agreement on, we would also like confirmation of our understanding that if the feasibility report and economic forecast, based on the sales contract, indicates great difficulty in reasonable repayment of the senior financing with interest within a reasonable period of time, prior to any payment of dividends, that all parties of this agreement shall come together in good faith, during the period between completion of the second stage and commencement of the third stage, to re-discuss the terms and conditions of the Sales Agreement, in order to overcome such great difficulties.

Your signatures and seals on the attached copy of this letter will indicate your collective agreement, as my signature and seal indicates mine.

I look forward to meeting you in Japan for the formal signing of our agreements, in the near future.

Yours sincerely,

CARIBOO-BELL COPPER MINES LIMITED

K. J. Springer  
President

Mr. T. Takabayashi, President  
Mitsui Mining & Smelting Co. Ltd.

Mr. K. Kawakami, President  
Sumitomo Metal Mining Co. of Canada Ltd.

Mr. Y. Mima, President  
Nippon Mining Co. Ltd.

Signed

November 24th, 1966

Mr. K. J. Springer  
President  
Cariboo-Bell Copper Mines Ltd.  
502 - 1200 West Pender Street  
Vancouver 1, B. C.  
Canada

Dear Mr. Springer:

We are pleased to inform you that we, Japanese group, have signed for confirmation the copy of your letter of October 19, 1966 accompanying the "basic terms" of the Exploration/Financing Agreement and the Sales Agreement.

We hastened to sign the said letter for confirmation responding to your kind consent to revise Stage 1 to be terminated on 15th June 1967 instead of 15th April 1967 notwithstanding the provisions in Paragraph I, stage 1 of the "Basic Terms" of the Exploration/Financing Agreement.

If the above understanding is correct, kindly affix your signature to one copy of this letter and return to this end.

We will soon forward to you for your reviewal a complete draft of our formal agreements which our counsellors have compiled in deference to the said "basic terms" and earnestly hope that the formal agreement will finally be executed between ourselves upon your approval in the nearest future.

With kindest regards,

Yours very truly,

Y. Mima, President  
Nippon Mining Co., Ltd.

K. Kawakami, President  
Sumitomo Metal Mining Co. of Canada, Ltd.

Agreed and confirmed by  
K. J. Springer, President  
Cariboo-Bell Copper Mines Ltd.

T. Takabayashi, President  
Mitsui Mining & Smelting Co., Ltd.



# ***BASIC TERMS OF COPPER CONCENTRATES SALES AGREEMENT***

**SELLER:** Cariboo-Bell Copper Mines Limited.

**BUYER:** Mitsui Group, i.e. Mitsui Mining & Smelting Co. Ltd.; Sumitomo Metal Mining Co. of Canada Ltd.; Nippon Mining Co. Ltd.

This agreement refers to the Paragraph II - (a) of the Basic Terms of Exploration/Financing Agreement between Buyer and Seller dated October 15, 1966, and shall be executed provided the property is placed into production.

## **THE TERMS AND CONDITIONS**

### **1. COPPER —**

- (a) Terms of Contract: 5 years from the date of first commercial production.
- (b) Metal Price: E. & M.J. Export Refinery Price less 1 Cent U.S. per lb. of copper.
- (c) Copper content to be paid for:
  - (1) at full amount less 1 unit, if copper content is less than 30%.
  - (2) at full amount less 1.1 unit, if copper content is 30% or more, and less than 35%.
  - (3) at full amount less 1.2 unit, if copper content is 35% or more.
- (d) Treatment charges per dry metric ton, FOB Vancouver loaded, stowed and trimmed, as follows:
  - (1) For E. & M.J. Prices up to 32c U.S., the charge shall be U.S. \$26.00.
  - (2) For E. & M.J. Prices in excess of 32c and up to 36c U.S. an additional U.S. \$0.50 shall be added to the U.S. \$26.00 for each one cent U.S. increase in the E. & M.J. Price. This shall be applied proportionally.
  - (3) For E. & M.J. Prices in excess of 36c U.S. and up to 40c U.S., the charge shall be U.S. \$28.00.
  - (4) For E. & M.J. Prices in excess of 40c U.S., an additional U.S. \$1.00 shall be added to the U.S. \$28.00 for each one cent U.S. increase in the E. & M.J. Price. This shall be applied proportionally up to a maximum of U.S. \$35.00.

### **2. GOLD —**

If gold content per dry metric ton of the concentrates is more than 1 gram, pay for the gold content at the U.S. treasury price in accordance with the following scale:

1 gram and above but less than 2 grams	90%
2 grams and above but less than 3 grams	94%
3 grams and above	95%

## **RENEWAL OF THE TERMS AND CONDITIONS**

It is agreed that the Terms and Conditions shall be re-negotiated at the end of each and every five calendar years dated from the day of first commercial production, such re-negotiation to be subject to arbitration procedures in the event of disagreement.

# Cariboo-Bell Copper Mines Limited

## *Balance Sheet December 31, 1966*

### ASSETS

#### Current assets:

Cash .....	\$ 45,783
Accounts receivable .....	1,520
Prepaid expenses .....	1,914
Total current assets .....	<u>49,217</u>

Mining properties, at cost, acquired by the issue of 750,000 shares and \$50,000 cash	800,000
Equipment, at cost .....	14,625
Deferred exploration, development and administration expenses, per Schedule 1 .....	554,718
Incorporation and organization expense .....	2,812
	<u>\$ 1,421,372</u>

### LIABILITIES AND SHAREHOLDERS' EQUITY

#### Current liabilities:

Accounts payable and accrued expenses .....	\$ 30,867
Advances by a group of Japanese companies (Note) .....	153,000

#### Shareholders' equity:

##### Capital stock:

Shares without nominal or par value. Authorized 3,000,000 shares;  
issued 1,500,005 shares since incorporation on December 23, 1965  
as follows:

Cash - 750,005 shares .....	\$ 487,505	
Mining properties - 750,000 shares .....	750,000	<u>1,237,505</u>
		<u>\$ 1,421,372</u>

APPROVED ON BEHALF OF THE BOARD:

K. J. SPRINGER, Director

RALPH E. PURVIS, Director

SEE ACCOMPANYING NOTE TO BALANCE SHEET.



# Cariboo-Bell Copper Mines Limited

## *Statement of Deferred Exploration, Development and Administration Expenses*

Period from incorporation December 23, 1965 to December 31, 1966

### Exploration and development:

Diamond and percussion drilling .....	\$ 278,272
Drill roads and site preparation .....	7,203
Trenching .....	12,452
Sampling and assaying .....	25,273
Prospecting .....	11,639
Engineering and geology .....	31,907
Temporary buildings .....	26,891
Freight .....	12,480
Road .....	16,479
Camp operations .....	40,272
Mine general .....	55,012
Water lines .....	3,579
	<u>521,459</u>
Administration .....	<u>42,954</u>
Total expenses .....	564,413
Less interest earned .....	<u>9,695</u>
	<u><u>\$ 554,718</u></u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Cariboo-Bell Copper Mines Limited as of December 31, 1966 and the statement of deferred exploration, development and administration expenses for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and the related statement of deferred exploration, development and administration expenses present fairly the financial position of the company at December 31, 1966 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Vancouver, British Columbia  
March 17, 1967

PEAT, MARWICK, MITCHELL & CO.,  
Chartered Accountants.



# Cariboo-Bell Copper Mines Limited

## *Note to Balance Sheet*

December 31, 1966

The company has exchanged letters of intent to enter into an exploration and financing agreement with a group of Japanese companies, subject only to the approval of the Japanese Government, as follows:

### **BASIC TERMS OF EXPLORATION/FINANCING AGREEMENT BETWEEN "MITSUI GROUP"**

(i.e. Mitsui Mining & Smelting Co., Ltd.,  
Sumitomo Metal Mining Co. of Canada Ltd.  
and Nippon Mining Co., Ltd.

### **AND CARIBOO-BELL COPPER MINES LTD.**

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#### **Paragraph 1**

##### **STAGE 1:**

\$300,000 to be spent between 15th October, 1966, and 15th April, 1967, and to be supplied by "Mitsui Group" upon request of Cariboo-Bell but within two months after execution of this agreement.

Stage 1 shall be considered to be terminated on 15th June, 1967 or any such earlier date when "Mitsui" has spent the total sum of \$300,000 and has received full details of the exploration work for the period.

##### **STAGE 2:**

If "Mitsui" elects to proceed with Stage 2 within one month after the completion of Stage 1, and makes a firm commitment to spend \$500,000 thereon, then 133,333 shares of Cariboo-Bell will be issued forthwith to the "Mitsui" group at a price of \$2.25 per share, with respect to the money in Stage 1.

"Mitsui" will receive 181,818 shares at \$2.75 per share during Stage 2 in proportionate amounts based on monthly expenditures.

The work will take place for the period of 6 months commencing the 30th day after the completion of Stage 1.

The \$500,000 will be supplied by "Mitsui" in instalments commencing the 1st day of Stage 2 and regularly thereafter every 30 days.

Such monies shall be spent exclusively for the exploration work.

Stage 2 shall be considered to be terminated on either of such dates:

- (a) when the total sum of \$500,000 has been fully spent, or,
- (b) when "Mitsui" decides to suspend, only to proceed with the next step, the exploration work of Stage 2 before spending the total sum of \$500,000.

##### **STAGE 3:**

If "Mitsui" elects to proceed with Stage 3, within 3 months after the completion of Stage 2, then the following will take place:

- (a) "Mitsui" will arrange the total sum of senior funds necessary to place the property into production. Such funds to be borrowed at the most favourable interest rate obtainable at that time.
- (b) "Mitsui" will buy 533,333 shares of Cariboo-Bell at \$3.75 per share.
- (c) "Mitsui" shall be given such numbers of shares of "Free" stock of Cariboo-Bell, that may put "Mitsui" in the position to hold at any time, 47% of Cariboo-Bell's total issued shares, together with 848,484 shares already obtained in accordance with the provisions of paragraph Stage 2 and Stage 3 (b).

The stock position will then be as follows (example):

# Cariboo-Bell Copper Mines Limited

	"Mitsui"		
	Shares	Other shares	Total issued
1 Oct., 1966 .....		1,500,005	1,500,005
Stage 1 .....	133,333		1,633,338
Stage 2 .....	181,818		1,815,156
Stage 3 .....	533,333		2,348,489
"Free Stock" .....	481,708		
	<u>1,330,192</u> (47%)	<u>1,500,005</u> (53%)	<u>2,830,197</u>

- (d) A voting trust to be established by Mastodon-Highland Bell and Leitch Gold in favour of "Mitsui" in order to give them voting control, i.e. 50.05%.

## Paragraph II

- (a) "Mitsui" shall have the right to purchase the total production of copper concentrates, including all metals contained therein or any other valuable constituents in the ore during the whole life of the mine. The copper concentrates sales agreement shall be determined by mutual agreement.
- (b) All monies supplied in Paragraph I Stage 3 (a), shall be repaid first out of cash flow.
- (c) Stage 3 will be completed in two years time.
- (d) A management committee will be formed consisting of three members from the "Mitsui" group and two members from Cariboo-Bell. It is understood "Mitsui" will have management control during the course of the agreement.
- (e) Cariboo-Bell will not, without written consent of "Mitsui", issue any stock or increase the authorized capital during the course of agreement other than that specified in the agreement.
- (f) "Mitsui" will have the right to proceed more quickly than the dates mentioned in the agreement, but in the event it is deemed desirable to spend less than the \$500,000 in Stage 2, the balance not expended shall be placed in the Cariboo-Bell treasury in exchange for treasury stock at \$2.75 per share, and shall form a portion of the senior funds, if Stage 3 entered into.
- (g) This agreement is subject to the approval of the Japanese Government.





